

Message Text

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PAGE 01 STATE 252486

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E.O. 11652: N/A

TAGS: EFIN, ENGR, OECD

SUBJECT: CPE/TWP PAPER ON INDEXATION OF OIL PRICES

REFS: A) CPE/TWP (75) 12, B) OECD 25688

1. WE CONCUR IN THE SUBSTANCE OF THE DRAFT REPORT OF THE
WORKING PARTY (REF A) AND HAVE ONLY FOLLOWING SUGGESTIONS
AIMED LARGEY AT CLARITY.

2. IN PARAGRAPH 3, WE SUGGEST INSERTING QUOTE GENERAL OR
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PAGE 02 STATE 252486

SPECIALLY CALCULATED PRICE INDEX UNQUOTE IN PLACE OF QUOTE

GENERAL PRICE INDEX UNQUOTE. WE WOULD ALSO SUGGEST DELETING QUOTE PARITY UNQUOTE FROM LAST SENTENCE.

3. IN PARAGRAPH 5, WE DO NOT BELIEVE ANALYTICAL WORK SO FAR WARRANTS THE STATEMENT ON INFLATIONARY EFFECT OF THE OIL PRICE INCREASES, AS FORMULATED HERE. WE SUGGEST DELETING QUOTE COMA AFTER ALLOWING UNQUOTE IN SECOND SENTENCE AND INSERTING QUOTE SEMICOLON IN ADDITION ONE NEEDS ALLOW UNQUOTE. THIS IS MORE CONSISTENT WITH PARAS 8-9 OF CPE.TWP (75) 13.

4. IN PARAGRAPH 7, WE SUGGEST EXPLAINING POINT ABOUT INCOME DISTRIBUTION BY ADDING TO END OF FIRST SENTENCE QUOTE BY RAISING THE PRICES OF THEIR EXPORTS ABOVE WHAT

THEY WOULD BE OTHERWISE UNQUOTE. AS THIS SENTENCE STANDS,

IT COULD BE OBSCURE TO SOME READERS, ESPECIALLY SINCE THE PARAGRAPH GOES ON TO NOTE THAT POSSIBLE EFFECT OF INDEXATION COULD BE TRANSFER OF RESOURCES FROM DEVELOPING TO DEVELOPED COUNTRIES.

5. IN PARAGRAPH 9, WE SUGGEST CHANGING FIRST SENTENCE TO READ SIMPLY QUOTE WILL HAVE TO REFLECT CHANGES IN SUPPLY AND DEMAND UNQUOTE INSTEAD OF QUOTE WILL, AND WILL HAVE TO REFLECT UNQUOTE.

6. IN PARAGRAPH 12, WE SUGGEST DELETING TERM QUOTE REGULARLY UNQUOTE IN REFERENCE TO TALKING WITH PRODUCERS BECAUSE AS WRITTEN THIS PARAGRAPH IMPLIES MORE FORMAL PERIODIC CONSULTATION FORMULA THAN WE COULD SUPPORT AT THIS TIME.

7. IN PARAGRAPH 13, WE SUGGEST REVISING LAST SENTENCE TO READ QUOTE THERE IS ALSO THE QUESTION WHETHER SUCH AN AGREEMENT WOULD BE LIKELY TO YIELD COMMENSURATE CONCESSIONS TO OIL CONSUMERS. UNQUOTE.

8. WE HOPE COMMENTS FROM OTHER GOVERNMENTS REFLECT SAME BASIC ENDORSEMENT OF SECRETARIAT REDRAFT OF INDEXATION PAPER. INGERSOLL
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